

STANDING COMMITTEE BRIEFING ~ FY 2010/2011

Revenue:

The BEA's revenue forecast for FY 2010/11	\$5,621,810,481
Less Tax Relief Trust Fund	<u>\$545,880,212</u>
Total Revenue Available to Ways and Means	\$5,075,930,269

Allocations:

Current General Fund base allocations*	\$5,275,343,200
(* includes the 4.04% and 5% across the board cuts by B&CBd.)	

As a result of the current general fund base allocations being higher than available revenue, the Ways and Means Committee had to reduce allocations by an amount necessary to balance allocations and revenue before considering any funding concerns for FY 2010/11.

Available revenue less current base allocations **\$199.4 million**

However, simply reducing allocations by \$199.4 million was not a viable option as there are necessary funding concerns for FY 2010/11, such as:

• Loan from deposit account for FY 08/09 shortfall	\$98.2 million
• General Reserve Fund	\$55.4 million
• Debt Service	\$23.1 million
• Homestead Exemption Shortfall	\$99.7 million
• Employee Health Plan w/ employee participation	\$49.9 million
• Medicaid Maintenance of Effort	\$364 million
• Department of Corrections Deficit Avoidance	\$50 million

To help address some of these concerns alternative revenue sources were used, such as:

• ARRA Stabilization Funds	\$346 million
• Enhanced FMAP Match Rates	\$239.3 million
• Medicaid Maintenance of Effort Fund	\$195.5 million
• Other Nonrecurring Revenues	\$186.3 million

Even with these additional revenue streams agency cuts to recurring agency allocations are \$337.5 million; **reducing the base allocation for FY 2010/11 to \$5,068,31,567.**

In the following pages each subcommittee has prepared a detailed review of each of their agencies and the corresponding proposed budget adjustments for that agency. In many cases there are comments provided by the agency as to how these adjustments will impact their operations.

PUBLIC EDUCATION AND SPECIAL SCHOOLS

SUBCOMMITTEE

Agencies: *State Department of Education, First Steps, Education Oversight Committee, South Carolina Governor's School for the Arts and Humanities, South Carolina Governor's School for Science and Mathematics, ETV, South Carolina School for the Deaf and Blind, John de la Howe, Wil Lou Gray Opportunity School*

Subcommittee Funding Summary*

Total General Fund Base Reductions	(\$91,284,476)
Total Nonrecurring Allocations	N/A
Total Part III (ARRA) Allocations	\$176,048,175
Enhanced FMAP Retained	\$184,020

*Represents totals for all subcommittee agencies

Key Budget Points

State Department of Education

- SDE administration received a base reduction of \$4,653,248, while the EFA was reduced \$84,500,000.
- The EFA reduction was offset by \$174.4 million in A.R.R.A. funding.
- The South Carolina Public Charter School districts will receive an additional \$700 in EFA funding for each student.
- The National Board Incentive will close to new applicants as of July 1, 2010. Those receiving the stipend will continue to do so for the remainder of their contract. The Department in conjunction with the Education Oversight Committee will develop and pilot a new teacher incentive pay plan.
- All testing not required by No Child Left Behind has been suspended for FY 2010/11. In addition there will be no new textbook purchases and the printing of school and district report cards has been suspended. The savings from all of these measures will be directed to the EFA.
- Districts may furlough teachers for up to five non instructional days provided administrators are furloughed for twice the amount to avoid a year end deficit. This was also a provision in last year's budget.
- School districts and special schools will have the same flexibility they have in the current fiscal year.

Agency Discussion

- Possible further workforce reduction

First Steps

- Per the Governor, First Steps will be the lead agency for the Baby Net program.
- CDEPP funds of \$2,187,950 will be funded out of the EIA.
- First Steps did receive an administrative reduction of \$441,856.

Governor's School for the Arts and Humanities & Governor's School for Science and Mathematics

- Both received base reductions that were partly offset by \$500,000 in A.R.R.A. funds.

ETV

- Reduction of \$2,001,012

South Carolina School for the Deaf and Blind

- The agency received no base reduction and no additional funds.

John de la Howe

- The agency received a base reduction of \$249,341, but this reduction was wholly offset by \$308,765 in A.R.R.A. funds.

Agency Discussion

- Will have to close two cottages.
- Workforce reduction

Wil Lou Gray Opportunity School

- The agency received a base reduction of \$219,139, but this reduction was wholly offset by \$308,764 in A.R.R.A. funds.

Agency Discussion

- A 5 day agency wide furlough and a workforce reduction.

HIGHER EDUCATION, TECH AND CULTURAL SUBCOMMITTEE

Agencies: *Commission on Higher Education, Tuition Grants, Citadel, Clemson, College of Charleston, Coastal Carolina, Francis Marion, Lander, SC State, USC - Columbia, USC- Aiken, USC- Upstate, USC- Beaufort, USC- Lancaster, USC- Salkehatchie, USC- Sumter, USC- Union, USC- Winthrop, MUSC, Consortium of Community Teaching Hospitals, State Board for Technical and Comprehensive Education, Department of Archives and History, State Library, Arts Commission, and the State Museum.*

Subcommittee Funding Summary*

Total General Fund Base Reductions	(\$84,840,247)
Total Nonrecurring Allocations	\$7,413,929
Total Part III (ARRA) Allocations	\$111,830,418
Enhanced FMAP Retained	N/A

*Represents totals for all subcommittee agencies

Key Budget Points

Commission on Higher Education

- The agency received a base reduction of \$1,593,744.
- Just over \$23 million was allocated for scholarships and tuition assistance.
- The University Center of Greenville received \$1.4 million in recurring funds.

Tuition Grants

- The agency received a base reduction of \$41,830.

Institutions of Higher Education

- Each institution received an agency base reduction of approximately 21%. These reductions were wholly offset with the use of A.R.R.A. funds. It is understood that these funds are nonrecurring and the Committee advises the institutions to begin preparation for the loss of these funds next fiscal year.

Board for Technical and Comprehensive Education

- The Tech Board received a base reduction of \$17,973,019, but this reduction was more than fully offset with \$23.6 million in A.R.R.A. funding.
- The agency also received \$7,000,000 in non-recurring funds for the CATT program (also known as 'special schools').

Agency Discussion

- Possible workforce reduction of up to 15 FTEs.
- The additional funds will ensure programs like the Boeing Training Center will be funded.

Department of Archives and History & the Arts Commission

- Both agencies received base reductions of approximately 15%.

Agency Discussion

- Further workforce reductions.

State Library

- The Library received a base reduction of \$1,494,536, but received \$1.17 million in A.R.R.A. funds.
- In addition to those funds, the Library will receive the first \$2 million in excess unclaimed prizes from the SC Education Lottery.

Agency Discussion

- Agency wide mandatory furlough.
- Cuts to the DISCUS program.
- Just over \$1 million reduction in state aid to locals.
- Potential loss of federal grant funds.

State Museum

- The agency received a base reduction of \$384,646.
- The museum is required to pay rent to the Budget and Control Board.

Agency Discussion

- A further 25% reduction in workforce.

HEALTH, HUMAN SERVICES, & MEDICAID

SUBCOMMITTEE

Agencies: *Vocational Rehabilitation, Department of Health & Human Services, DHEC, Department of Disabilities and Special Needs, Department of Mental Health, Department of Social Services, Department of Alcohol and Other Drug Abuse Services, Commission for the Blind.*

Subcommittee Funding Summary*

Total General Fund Base Reductions	(\$113,586,703)
Total Nonrecurring Allocations	\$0
Total Part III (ARRA) Allocations	\$205,457,066
Enhanced FMAP Retained	\$235,964,784

*Represents totals for all subcommittee agencies

Key Budget Points

Vocational Rehabilitation

- The agency received a net reduction of over \$600,000. This corresponds into a larger reduction since all State funds are matched federally.

Agency Discussion

- The agency is looking at reduced services for over 8,000 clients and losing approximately 300 part-time positions.

Department of Health & Human Services

- The agency received a base reduction of \$11,773,140, but received \$205 Million in Proviso 90.18 and retained \$236 Million in increased FMAP.

Agency Discussion

- These dollars will fund the Medicaid Maintenance of Effort fund for the fiscal year; however some items such as the number of prescriptions, the GAPs program, and enrollment into the SCHIP Standalone program have been capped or eliminated.

Department of Health & Environmental Control

- The agency received a base reduction of \$20,844,815, but received \$8,000,000 in Proviso 90.18 and retained \$320,000 in increased FMAP.

Agency Discussion

- The agency is looking at reduced functions in many core programs such as OCRM, Air and Water Quality Management, the ADAP program, Trauma Centers, and Inspections and Permitting. Furthermore, there is a possible RIF coming of over 250 FTEs.

Department of Disabilities and Special Needs

- The agency received a base reduction of \$42.3 Million, but received \$12.5 Million in Proviso 90.18 and retained \$22.4 Million in increased FMAP.
- Note: There is an issue with the \$22.4 Million in FMAP retention; however, a floor amendment is being proposed to address this concern.

Agency Discussion

- At this point, the Day Program, Early Intervention, PDD/Autism waiver, In-home support and respite, and the MR/RD waivers will be capped or cut completely. The FTEs associated with these areas will be eliminated as well, resulting in a loss of approximately 1,000 jobs.
- However, some of these impacts may not be realized as a result of the above mentioned amendment being adopted.

Department of Mental Health

- The agency received a base reduction of \$35.1 Million, but received \$12.5 Million in Proviso 90.18 and retained \$5.1 Million in increased FMAP.

Agency Discussion

- These reductions will result in 57 beds being lost at Bryan Psychiatric Hospital and another 44 beds at CM Tucker Hospital.
- There will be approximately 66,000 less services provided annually to DMH clients, and a corresponding loss of 350 FTEs.

Department of Social Services

- The agency did not receive a base reduction, but received \$18.1 Million in Proviso 90.18 and retained \$2.45 Million in increased FMAP.
- The \$18.1 Million received from Proviso 90.18 will be used to offset the Federal fines imposed on the agency due to problems with the Child Support Enforcement Computer System.

Department of Alcohol and Other Drug Abuse Services

- The agency received a base reduction of \$2,153,344, but received \$500,000 in Proviso 90.18 and retained \$638,000 in increased FMAP.

Agency Discussion

- As a result of the reductions, the State Block Grant, Intervention Services, and Prevention Services have been completely zeroed out, and the Medicaid Match line was reduced by \$868,000.

Commission for the Blind

- The agency received a base reduction of \$400,000, but received \$100,000 in Proviso 90.18.

ECONOMIC DEVELOPMENT & NATURAL RESOURCES SUBCOMMITTEE

Agencies: *Forestry Commission, Department of Agriculture, Clemson PSA, SC State PSA, Sea Grants Consortium, Department of Commerce, SC Conservation Bank and Department of Revenue.*

Subcommittee Funding Summary*

Total General Fund Base Reductions	(\$7,803,824)
Total Nonrecurring Allocations	\$5,000,000
Total Part III (ARRA) Allocations	\$3,300,000
Enhanced FMAP Retained	N/A

*Represents totals for all subcommittee agencies

Key Budget Points

Forestry Commission

- The Forestry Commission received a base reduction of \$2,174,501, but received \$300,000 in A.R.R.A. funds.

Agency Discussion

- Agency wide furlough and possible workforce reductions.

Department of Agriculture

- The agency received a base reduction of \$795,210, but received \$200,000 in A.R.R.A. funds.

Agency Discussion

- These cuts will largely impact the Department's marketing and branding efforts.

Clemson PSA

- Clemson PSA received a base reduction of \$6,275,648, but received \$2.6 million in A.R.R.A. funds.

Agency Discussion

- Possible cuts include adjusting services available at experimental stations and extension offices.
- Program changes would also be needed in areas such as regulatory services and the Livestock-Poultry Health division.

SC State PSA

- SC State PSA has a base reduction of \$460,743, but received \$200,000 in A.R.R.A. funds.

Agency Discussion

- Some of the programs and activities that could be affected by these cuts are 4H & Youth Development, Adult Leadership & Community Development, Family Life, Nutrition Food Safety & Wellness and Small Farm Assistance and Technical Support.

Sea Grants Consortium

- Received a \$40,546 reduction.
- That reduction is 10% of their General Fund base.

Department of Commerce

- Received an \$857,176 base reduction.
- Commerce did receive \$5,000,000 in nonrecurring for the Closing Fund.
- In addition, the agency is also granted flexibility through a proviso to transfer funds from other resources to the Closing Fund.

Agency Discussion

- These cuts will suspend all foreign trade missions and could reduce the agency's workforce by 10%.

SC Conservation Bank

- Pursuant to statute, the Conservation Bank receives no deed recording fees when over 50% of state agencies receive budget cuts.
- In proviso 89.97, \$207,000 is transferred from LLR to be used for personal services and other operation expenses of the Conservation Bank.

Department of Revenue

- Received \$2.8 Million for personnel for increased collections enforcement.
- The \$2.8 million will allow the Department to hire approximately 50 new Collections Officers and generate up to \$49 million in new revenue.

LAW ENFORCEMENT AND CRIMINAL JUSTICE

SUBCOMMITTEE

Agencies: *Judicial Department, Administrative Law Court, SLED, Attorney General, Prosecution Coordination Commission, Commission on Indigent Defense, Department of Corrections, Department of Probation, Parole and Pardon Services, Department of Juvenile Justice, Criminal Justice Academy, Department of Public Safety, and DNR.*

Subcommittee Funding Summary*

Total General Fund Base Reductions	(\$26,064,008)
Total Nonrecurring Allocations	N/A
Total Part III (ARRA) Allocations	\$54,625,568
Enhanced FMAP Retained	\$162,908

*Represents totals for all subcommittee agencies

Key Budget Points

Judicial Department

- The agency received a base reduction of \$4,515,363, but received \$2,150,000 in A.R.R.A. funds.

Agency Discussion

- Per agency "There is substantially no funding left in the agency's budget except for judges' salaries and a portion of their benefits..."

Administrative Law Court

- The agency received a base reduction of \$267,241, but received \$100,000 in A.R.R.A. funds.
- An existing proviso is amended to continue the policy of prohibiting the agency from charging or increasing filing fees above January 2009 rates.

Agency Discussion

- Mandatory two week furlough of all employees.
- Workforce reduction of up to 6 employees.

State Law Enforcement Division

- The agency received a base reduction of \$2,613,781, but that reduction was nearly fully offset by \$2.4 million in A.R.R.A. funds.

Agency Discussion

- Reduction of 27 law enforcement officers.
- Continue to reduce spending in other programs.

Attorney General

- The agency received a base reduction of \$1,105,308, but received \$500,000 in A.R.R.A. funds.
- A proviso is amended to allow the agency to retain and expend funds derived from a settlement to pay for expenses regarding South Carolina vs. North Carolina water lawsuit.

Prosecution Coordination Commission

- The agency received a base reduction of \$2,160,549, but received \$500,000 in A.R.R.A. funds.
- There is a new proviso that requires the agency to annually report data on violent crime, criminal domestic violence, and driving under the influence prosecutions.

Agency Discussion

- Eliminate special line items for drug courts & domestic violence programs.
- Reduce Judicial Circuits state support by \$1.7 million.

Commission on Indigent Defense

- The agency received a base reduction of \$2,173,770, but received \$700,000 in A.R.R.A. funds.

Agency Discussion

- Loss of 43 public defenders.

Department of Corrections

- The agency received a total of \$50 million in additional funding from recurring & non-recurring sources - total funding is now \$350 million.
- An existing proviso is amended to continue to allow the Governor to transfer funds from DMV to help the agency with B&C Board recognized deficits.

Agency Discussion

- This funds the agency at a level of projected spending for the current year.

Department of Probation, Parole and Pardon Services

- The agency received a base reduction of \$2,028,535.
- A proviso is amended to allow the agency to charge offenders an application fee when applying to transfer into the State under the Interstate Compact Act.

Agency Discussion

- Mandatory 10 day furlough; possible workforce reduction of 101 FTEs.

Department of Juvenile Justice

- The agency received a base reduction of \$9,948,395.

- A new proviso authorizes the agency to use unobligated capital funds for operational purposes.
- A new proviso allows certain juvenile offenders to reside at home while undergoing evaluation.
- A new proviso allows the agency to grant up to ten days per month of credit for good behavior while serving on probation or parole.

Agency Discussion

- Will have to close 6 of 11 wilderness camps.
- Will close 1 of 3 regional evaluation centers.
- Workforce reduction of 100 FTEs.
- Eliminate contracts resulting in 191 contract employees losing jobs.
- Implement a 10 day mandatory furlough.
- Close 1 of 4 regional community offices.
- Increases potential for below minimal custodial standards.

Criminal Justice Academy

- The agency received a base reduction of \$104,386, but received \$50,000 in A.R.R.A. funds.

Agency Discussion

- Agency just broke ground on new training facility funded by \$5 surcharge.

Department of Public Safety

- The agency received a base reduction of \$1,533,456, but received \$1,516,728 in A.R.R.A. funds.
- A new proviso allows DPS to carry forward cash transferred from DMV.

Agency Discussion

- A patrol class of 46 troopers will not be funded.
- Loss of all temporary employees - 106 people.
- Possible agency wide furlough.

Department of Natural Resources

- The agency received a base reduction of \$4,058,660, but received \$1,145,089 in A.R.R.A. funds.
- Proviso that allocates General Funds to the State's 46 Soil and Water Conservation Districts is amended to be reduced by \$60,982.
- An existing proviso is amended to allow the agency to retain the net proceeds from the sale of existing offices under certain conditions.

Agency Discussion

- The agency will consider complete restructuring to reduce cost.
- Possible workforce reduction of up to 125 staff.

TRANSPORTATION AND REGULATORY SUBCOMMITTEE

Agencies: *Department of Consumer Affairs, Department of Motor Vehicles, Employment Security Commission, Board of Financial Institutions, Human Affairs Commission, Infrastructure Bank, Dept. of Insurance, LLR, Minority Affairs, ORS, Patient Compensation Fund, PSC, Second Injury Fund, State Accident Fund, Department of Transportation, Workers Compensation*

Subcommittee Funding Summary*

Total General Fund Base Reductions	(\$2,295,057)
Total Nonrecurring Allocations	N/A
Total Part III (ARRA) Allocations	N/A
Enhanced FMAP Retained	N/A

*Represents totals for all subcommittee agencies

Key Budget Points

Human Affairs Commission

- The agency received a base reduction of \$275,573.

Agency Discussion

- Agency wide 10 day mandatory furlough.
- Other workforce reductions

Commission on Minority Affairs

- The agency received a base reduction of 43,863.

Agency Discussion

- Workforce reduction.

Workers Compensation Commission

- The agency received a base reduction of \$370,559.

Department of Insurance

- The agency received a base reduction of \$393,719.

Agency Discussion

- Workforce reduction of potentially 10 employees.

Department of Consumer Affairs

- The agency received a base reduction of \$179,614.

Agency Discussion

- Potential for a 37% reduction in force.

Department of Labor, Licensing, & Regulation

- The agency received a base reduction of \$408,228.

Department of Motor Vehicles

- The agency currently receives no general funds.
- The Department will transfer \$8 million into the general fund.

Employment Security Commission

- The SCOIS program and its funding (\$435,861) will be transferred to the Department of Education.
- All remaining General Funds (\$76,917) will be taken from the agency.
- The agency will continue to operate on its Other Funds.

Department of Transportation

- The agency's entire General Fund base of \$110,723 were removed from the agency.
- The department will also transfer \$10 million of its non-federal aid money into the General Fund.

Agency Discussion

- Reduction in mass transit systems for Greenville and Columbia.
- The Department will absorb all other functions previously being paid for with General Funds.
- Truck rest areas will not be closed.
- Plans to resurface approximately 50 center line miles of secondary roads will be postponed.

LEGISLATIVE, EXECUTIVE, AND LOCAL GOVERNMENT SUBCOMMITTEE

Agencies: *The Senate, The House of Representatives, Legislative Council, Legislative Printing and Information Technology, Legislative Audit Council, Governor's Office: Executive Control of the State, Governor's Office: Office of Executive Policy and Programs, Governor's Office: Mansion & Grounds, Lt. Governor, Secretary of State, Comptroller General, State Treasurer, Adjutant General, Election Commission, Budget & Control Board, State Auditor, Division of Aeronautics, State Ethics Commission, Procurement Review Panel and the Department of Parks, Recreation and Tourism*

Subcommittee Funding Summary*

Total General Fund Base Reductions	(\$11,672,354)
Total Nonrecurring Allocations	\$9,192,855
Total Part III (ARRA) Allocations	\$251,948
Enhanced FMAP Retained	\$352,306

*Represents totals for all subcommittee agencies

Key Budget Points

Senate

- The agency received a base reduction of \$769,317.
- The agency also received \$1,862,281 for Reapportionment.

House of Representatives

- The agency received a base reduction of \$1,470,963.
- The agency also received \$1,862,282 for Reapportionment.

Legislative Council

- The agency received a base reduction of \$211,334.
- A total of \$511,334 is allocated for Council to print the code.

Legislative Printing and Information Technology

- The agency received a base reduction of \$130,747.

Governor's Office: Executive Control of the State

- The agency received a base reduction of \$201,433.
- One million is allocated to fund the transition costs related to establishing the new administration.

Governor's Office: Office of Executive Policy and Programs

- The agency received a base reduction of \$1,520,889.

Governor's Office: Mansion and Grounds

- Agency Base Reduction of \$37,733.

Lt. Governor

- The agency received a base reduction of \$322,695.
- Home and Community Based Services (to include Meals on Wheels and Congregate Meals) received \$1.6 million.
- Transition costs are funded at \$250,000.

Secretary of State

- The agency received a base reduction of \$68,696, but received \$40,000 in A.R.R.A. funds.

Agency Discussion

- The elimination of four vacant positions and a two week furlough for all employees.

Comptroller General

- The agency received a base reduction of \$501,188, but received \$50,000 in A.R.R.A. funds.

Agency Discussion

- Workforce reduction of as many as seven people. The reduction would mean a significant adverse impact statewide to other agencies. For example, the Office may no longer be able to process emergency or special non-calendared payrolls: the processing of payments to vendors for the State would increase from 3 to 5 business days to anywhere from 7 to 11 business days.

State Treasurer

- The agency received a base reduction of \$255,501, but received \$50,000 in A.R.R.A. funds.

Adjutant General

- The agency received a base reduction of \$931,231.

Election Commission

- The agency received a base reduction of \$198,854.
- A total of \$3,625,000 is allocated to fund the 2010 General Election.

Agency Discussion

- Workforce reduction affecting a minimum of four FTEs.

Budget and Control Board

- The agency received a base reduction \$3,528,834, but received \$1,317,855 in non-recurring funds.

State Auditor

- The State Auditor received no base reduction, but did receive \$111,948 in A.R.R.A. funds.

Division of Aeronautics

- The agency received a base reduction of \$41,105.

State Ethics Commission

- The agency received a base reduction of \$109,266.

Parks, Recreation and Tourism

- The agency received a base reduction of \$5,057,612, but received \$1,000,000 in non-recurring funds.
- The agency has flexibility provided by proviso to shift funds from the Film Incentive Program to marketing efforts.

Agency Discussion

- Variable agency wide furlough based on pay grade ranging from 5 to 10 days.
- Workforce reduction of possibly 39 FTEs. This reduction comes to an agency that has already seen 18% of its workforce eliminated.